



**Trade Union Side of the National Joint Council for Local Government Services:  
England, Wales and Northern Ireland**

## **NJC PAY CLAIM 2021-2022**

**This NJC pay claim for 2021/22 and accompanying conditions submission is made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association.**

**Our claim is for:**

- A substantial increase with a minimum of 10% on all spinal column points.

**In addition:**

- We are seeking a pay round which underpins and respects the collective bargaining arrangements in place.
- A separate conditions claims is also enclosed.

15 February 2021

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## **Key points in our claim**

### **1. CONTEXT OF OUR CLAIM**

- Local government workers have kept the country going during the Covid-19 crisis
- Local government workers have worked over and above the cause of duty, putting themselves and their families at risk to support the national effort against Covid-19
- The government promised to do “whatever is necessary to support these efforts” and local authorities and their staff expect them to be true to their word.
- More austerity is the wrong answer and will be fiercely resisted by trade unions
- Only a substantial pay award can begin to redress a lost decade of cuts, austerity and crisis
- Local government staff have faced a real term pay cut over the past decade
- Meeting this claim will begin to recognise and reward local authority workers and their continued dedication

### **2. ECONOMIC BACKGROUND**

- Since 2010, NJC staff have lost almost a quarter of the value of their pay versus the cost of living
- Many local government roles hit by long-term low pay are those on the frontlines against Covid-19
- Prices for everyday goods continue to rise as local government wages stagnate
- A decade of below average NJC pay awards have fallen well below private sector equivalents

### **3. COMPARING NJC PAY**

- In 2019, NJC pay briefly caught up with the Foundation Living Wage
- As of April 2020, NJC SCP 1 and 2 have dropped below the Foundation Living Wage of £9.50 per hour (outside London)
- Our claim in full would lift NJC SCP 1 to £10.17 per hour, meeting the Foundation rate
- An NJC pay rise of 3.25% a year would be needed to meet government's 2024 minimum wage target
- Pay in local government is still among the lowest in the public sector

### **4. OTHER PRESSURES ON MEMBERS' PAY**

- Union members have reported cuts to overtime, standby payments, annual leave, sick pay, exit payments and more
- Loss of allowances has a real impact on part-time employees
- Sickness absence levels are rising in local authority settings
- The abolition of the School Support Staff Negotiating Body (SSSNB) in 2010 has drastically undermined efforts to resolve longstanding issues of pay and terms and conditions
- The most common cause of sickness absence are stress, depression, anxiety, workloads and mental health
- 28% of local government staff work some unpaid overtime - compared to 15% of all employees
- Compensating local government workers for unpaid overtime would require a 25% pay rise
- The governments new exit cap is an additional attack on our members' terms and conditions

### **5. POST-COVID ECONOMIC RECOVERY**

- Post-2010 public sector austerity actually delayed the UK's economic recovery from financial crisis
- 51% of the cost of meeting our pay claim would be recovered by taxes and reduced benefits
- More cash in the pockets of local government workers means more spending in the economy

### **6. RECRUITMENT AND RETENTION PRESSURES BUILDING**

- More than a third of Councils are still experiencing significant difficulties recruiting
- This is happening in spite of Covid-19 and a rise in job seekers
- Below average pay awards, have made local government uncompetitive and unattractive

- Brexit is also having a negative impact on the labour market

## **7. MORALE UNDER THREAT**

- Local government staff feel undervalued and unable to deliver the best service possible to the public
- They say this is due to cuts, redundancies and impossible workloads
- Many no longer feel secure in their job and are thinking about leaving

## **8. EQUALITY IMPACT**

- Cuts to pay, terms and conditions have a greater impact on workers with protected characteristics
- Local government workers are older on average compared to all employees
- They are more likely to be disabled, religious, married or in a civil partnership and to be female
- Central pay policies will impact on women and minority groups more severely

## **9. CONCLUSION**

- As the UK begins the economic recovery from Covid-19, it cannot mean more public sector austerity
- Pay Justice together with paying local government staff a proper wage is an investment in local services and the economy
- New money from central government is needed to fund this claim
- The government promised in March 2020 to “do whatever is necessary” to support local authorities
- Local government employers must join us in holding the government to their promise
- Council and school workers urgently deserve a decent and fair pay rise

## **1. CONTEXT OF OUR CLAIM**

Local government workers have kept the country going during the Covid-19 crisis. They have kept our communities working and safe in one of the most difficult years ever for local authorities and their staff. It is only right that their contribution at the forefront of the national effort against Covid-19 is recognised. On a daily basis, our members working in local government continue to put themselves into harm's way on the front lines of this crisis - coordinating and delivering essential local services and keeping our communities safe, clean and accessible.

The Covid-19 crisis has shown (once again) that our local authorities are an invaluable resource to the communities they serve. It has also reminded the public that our council and school staff have been the unsung heroes of our communities for far too long. The local government workers who are still saving lives and keeping our country going deserve a substantial real terms pay rise and better working conditions.

Following a decade of pay restraint, staff working in local government have seen up to 25% wiped from the value of their pay. Substantial increases in the cost of living over recent years have significantly reduced the value of our members' wages. And during this time of national crisis, the morale of staff in their crucial roles is at an all-time low.

Average pay settlements across the economy have been running ahead of those received by local government staff for more than a decade, increasing recruitment and retention problems in the long term – even when Covid-19 has been defeated.

In March 2020 at the outset of the Covid-19 crisis, the government said: "*This government stands with local councils at this difficult time,*" and that "*the government will do whatever is necessary to support these efforts.*" The Government's promised support has not yet fully materialised and staff side continues to press the case that government must honour its promise. The NJC unions don't accept the Government's "pay pause" and welcome the statement made by the Chair of the LGA recognising the contribution Local Government workers have made throughout the pandemic – local government workers who have selflessly defended our communities throughout this crisis. GMB, Unison and Unite have consistently argued for better pay in local government, and we have continued to seek a real terms pay increase, one that reflects the cuts that have already taken place.

As our claim demonstrates (based on the government's own figures), post-2010 austerity was a failure – in terms of both reducing debt and recovering economic growth. More austerity (in the form of a new pay freeze for public sector workers, or a low pay increase) is the wrong answer and will be fiercely resisted by trade unions. In contrast (and again, demonstrated within our claim), an increase in local government pay would reduce government expenditure on benefits, tax credits and Universal Credit – and increase revenue from National Insurance and income tax (plus provide a much needed spending boost to local economies).

Only a significant and appropriate pay award can begin to redress a lost decade of cuts, austerity and crisis - and go some way towards recognising the value of local authority workers and rewarding their continued dedication to their jobs at this incredibly challenging time.

## 2. ECONOMIC BACKGROUND

### 2.1 Value of NJC Pay

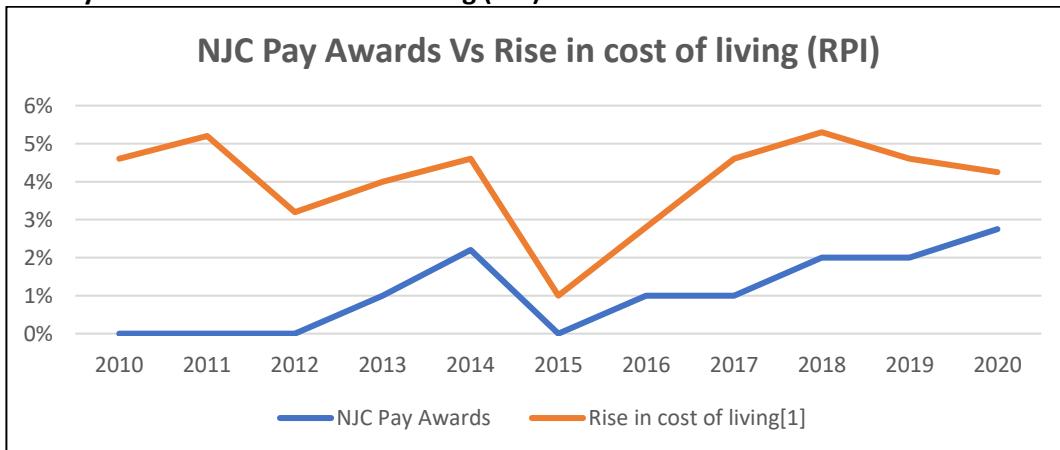
Over the past decade, NJC staff have lost on average 23.9%<sup>1</sup> from the value of their pay when measured against the cost of living / Retail Price Index (RPI). The below table summarises examples of real terms (RPI) changes to the earnings of top of band roles, based on job bandings as advertised by employers, between April 2009 (when pay austerity started in local government) and the end of the current settlement in April 2021.

**Table 1: Real (RPI) changes to selected spine points 2009/10 to 2020/21**

	Old Spine Point	2009/10	2020/21	New Spine Point	Real change (%)
Cleaner	6	£12,489	£17,842	1	1.8
Customer Services Officer	11	£14,733	£18,562	3	-11.3
Refuse and Recycling Collector	13	£15,444	£18,933	4	-14.4
Library Assistant	16	£16,440	£19,698	6	-17.1
Teaching Assistant (Level 2)	17	£16,830	£19,698	6	-19.9
Crematorium Officer	18	£17,161	£20,092	7	-19.8
Qualified Residential Care Worker	21	£19,126	£21,748	11	-23.4
HLTA	28	£23,708	£27,041	22	-23.0
Librarian	31	£26,276	£29,577	25	-24.6
Environmental Health Officer	34	£28,636	£32,234	28	-24.6
Access to Housing Officer	38	£31,754	£35,745	32	-24.6
Social Worker	36	£30,011	£33,782	30	-24.6
Accountant	41	£34,549	£38,890	35	-24.6
Children's Residential Manager	46	£38,961	£43,857	40	-24.6

As the table above shows, a number of roles hit by the effects of long-term low pay are those that have been on the frontlines in the battle with Covid-19. For the full version of this table, showing all SCPs, see appendix 1. The graph below demonstrates the major fall in living standards suffered by NJC staff since 2010. Our claim for a 10% pay increase only begins to recover some of this loss.

**Graph 1: NJC Pay Awards Vs Rise in cost of living (RPI)**



<sup>1</sup> Appendix 1: NJC Spinal Column Points - Real Terms Conversion (average of Real-terms change)

For the value of staff wages not to fall back even further, they must at least stay well ahead of predicted rises in the cost of living, which the Treasury's summary of independent forecasts puts at 1.5% in 2020 and 2.3% in 2021<sup>2</sup>.

Historically, periods of wage constraint have been followed by periods of 'catch-up'. The alternative is a permanent devaluation of wages in local government. Against this backdrop, we believe that the Trade Union Side's claim for a 10% increase on all pay points is both measured and reasonable.

At this time of crisis, when we are more reliant on local government workers than ever, it cannot be right that in addition to the ongoing stress of their jobs, many are struggling with household bills and cost of living expenses. Even in the last year alone, the prices for everyday goods continue to rise as local government wages stagnate. Price changes to commodities that make up the RPI over the year to October 2020 are shown in the table below:

**Table 2: Price changes to RPI commodities over the year to October 2020**

Item	Average % increase to October 2020
Personal expenditure	4.3
Consumer durables	3.7
Alcohol and tobacco	1.7
Travel and leisure	1.5
Housing and household expenditure	0.9
Food and catering	0.8
All goods	1.1
All services	1.2
All items	1.3

Within these figures, some costs are rising significantly faster, such as bus and coach fares at 11.8%, council tax and rates at 3.9%, vehicle tax and insurance at 3.6%, telephone services at 3.4%, rail fares at 2.3% and rent at 2.2%.

The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 4.7% in the year to September 2021<sup>3</sup>, with England experiencing the biggest increase at 4.9%, followed by Scotland at 4.3%, Wales at 3.8% and Northern Ireland at 2.4%. Private rental prices have also seen a significant increase, taking the average monthly rent for new tenancies in the UK up 2.2% to £9742 in October 2020<sup>4</sup>.

Though not specifically assessed by CPI or RPI figures, childcare costs represent a key area of expenditure for many staff. Therefore, it is also worth noting that the annual Family & Childcare Trust survey for 2020<sup>5</sup> found that the cost of a nursery place for a child under two rose by 5% since the previous year, with the annual cost of 25 hours care per week hitting £6,800 in Britain.

Current inflation rates can mask longer term changes in the cost of living that have taken place since 2009. The examples below show major increases in core costs that have surpassed average prices increases over the period.

<sup>2</sup> HM Treasury, Forecasts for the UK Economy, November 2020

<sup>3</sup> Office for National Statistics, UK House Price Index: September 2020, published November 2020

<sup>4</sup> HomeLet Rental Index, October 2020

<sup>5</sup> Family & Childcare Trust, Childcare Survey 2020

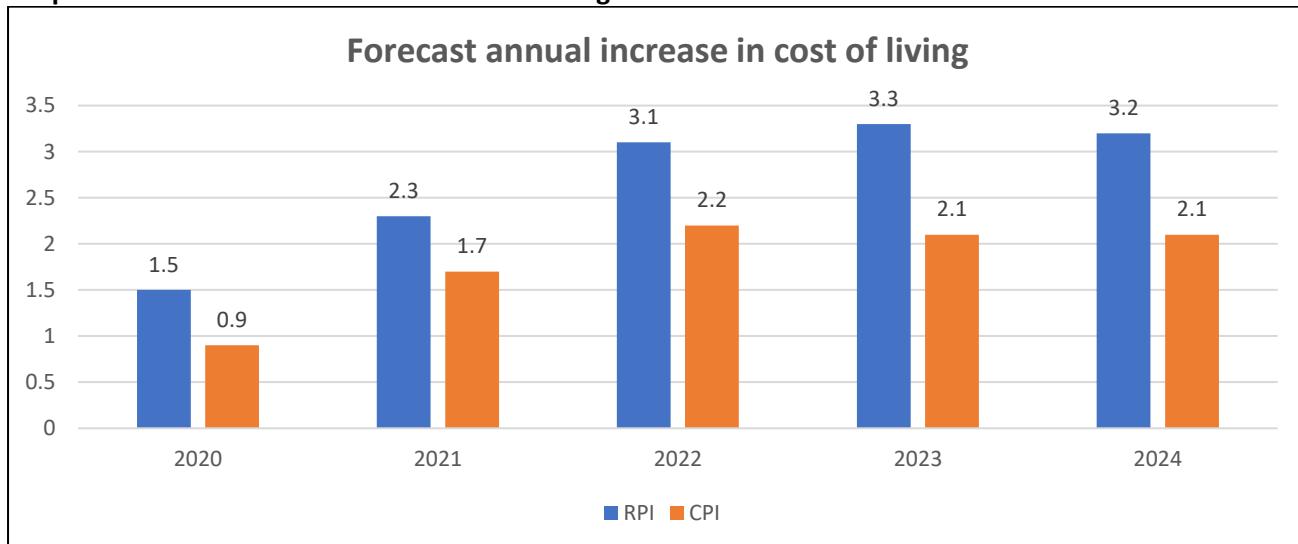
**Table 3: Highest cost of living rises over last decade**

Expenditure item	House prices	Bus & coach fares	Electricity	Rail fares
Price rise 2010 -19	36%	54%	59%	36%

## 2.2 Forecast inflation rates

The Treasury average of independent forecasts states that RPI inflation will average 1.5% over 2020. It will then escalate to 2.3% in 2021 and then run at in excess of 3% for the following three years, in line with the pattern shown in the graph below<sup>6</sup>. The OBR forecasts that the RPI rate will rise by 1.4% in 2021 and by 12% cumulatively by 2025.<sup>7</sup> These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.

**Graph 2: Forecast annual increase in cost of living**



## 2.3 Average pay settlements

The ability of local government to attract and retain staff in the long term will be damaged if the pay of its staff falls behind the going rate in the wider labour market. This table shows how a decade of below average NJC pay awards have caused local government staff to fall behind their equivalents in the private sector and wider economy.

**Table 4: NJC pay awards Vs those in the wider economy since 2010<sup>8</sup>**

Year	Across economy	Private services*	NJC Pay Award
<b>2010</b>	2%	2%	0%
<b>2011</b>	2.5%	2.7%	0%
<b>2012</b>	2.5%	2.8%	0%
<b>2013</b>	2.5%	2.5%	1%
<b>2014</b>	2.5%	2.5%	2.2%**
<b>2015</b>	2.2%	2.4%	
<b>2016</b>	2%	2%	1%**

<sup>6</sup> HM Treasury, Forecasts for the UK Economy, October 2020

<sup>7</sup> OBR, Economic and Fiscal Outlook: November 2020

<sup>8</sup> Labour Research Department, settlements year to September 2020

<b>2017</b>	2%	2.2%	1%**
<b>2018</b>	2.5%	2.5%	2%**
<b>2019</b>	2.5%	2.5%	2%**
<b>2020</b>	2.3%	2.2%	2.75%

\*Does not include manufacturing and primary, as these are less accurate comparators

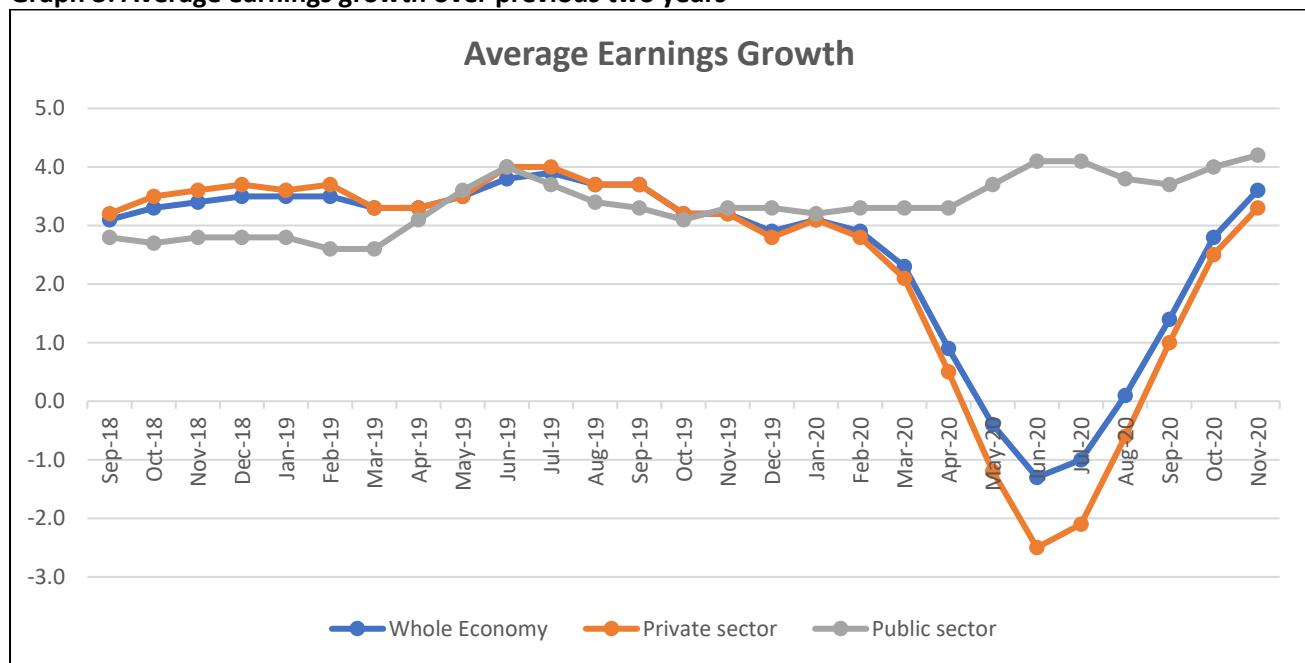
\*\* For NJC SCPs over a certain level

## 2.4 Average earnings growth

The graph below shows trends in average earnings growth over the last two years. The acceleration of the general rate to 3.9% in July 2019 took average earnings growth to its highest level in over a decade, but the effect of the Covid-19 pandemic on the economy has caused that figure drop sharply and it now stands at 1.3%.<sup>9</sup>

As in the case of pay settlements, a gap between public and private rates has been a persistent feature of the economy over the last decade. However, the last eight months is the first sustained period since 2010 when the public sector has been running ahead of the private sector. Public sector earnings are now growing at 3.7% while private sector earnings are growing at 0.8%, as the effects of the pandemic have bitten and many furloughed staff have moved onto 80% of their usual earnings.

**Graph 3: Average earnings growth over previous two years**



Forecasts of average earnings predict that over 2020 they will inch up by 0.4% because of the impact of the pandemic and then pick up to 2% in 2021.<sup>10</sup>

The 2021 rate shows why a pay increase is needed, in order to avoid slipping behind the going rate and suffering damage to recruitment and retention.

<sup>9</sup> Office for National Statistics, Labour Market Overview UK, November 2020

<sup>10</sup> Treasury, Forecasts for the UK Economy, November 2020

### 3. COMPARING NJC PAY

#### 3.1 Pay at the bottom

The Real Living Wage (as calculated by the Living Wage Foundation) has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

Local Government is now competing in a labour market where the Living Wage of £9.50 an hour outside London and £10.85 an hour in London has become an increasingly common minimum point in many pay scales<sup>11</sup>. In 2019, NJC pay did briefly catch up with the Foundation Living Wage. However, as of April 2020 it has once again dropped below, with NJC SCP 1 (£9.25) and 2 (£9.43) now falling below the current Foundation Living Wage rate of £9.50.

There are now almost 7,000 employers accredited as Living Wage employers by the Living Wage Foundation, including some NJC local authorities (who choose to uplift the bottom NJC pay rates when calculating their local pay bands, in order to meet the Foundation rate).

If our claim was met in full, it would lift NJC SCP 1 to £10.17 per hour – not only meeting the Foundation rate but providing some head room for future increases (the Living Wage Foundation increase their rate annually – with the next rise due to be announced in autumn 2021). Doing so would also meet (and exceed) the £10 an hour minimum wage proposal that now has cross party support.

The Low Pay Commission has been tasked by the government in ensuring that the national living wage reaches two-thirds of median earnings by 2024. On current forecasts, that means a living wage of over £10.50 an hour by 2024<sup>12</sup>. Our estimate is that this means local government pay at the bottom end needs to rise by at least 13% over the next four NJC pay awards (2021, 2022, 2023 and 2024), or on average 3.25% a year merely to meet this legal minimum target – this is demonstrated for NJC SCPs 1-5 in the table below:

**Table 5: Average NJC pay rises needed to meet two-thirds of median earnings by April 2024**

SCP	2021		2022		2023		2024	
	% increase	Hourly Salary						
1	3.25%	£9.55	3.25%	£9.86	3.25%	£10.18	3.25%	£10.51
2	3.25%	£9.74	3.25%	£10.06	3.25%	£10.38	3.25%	£10.72
3	3.25%	£9.93	3.25%	£10.26	3.25%	£10.59	3.25%	£10.93
4	3.25%	£10.13	3.25%	£10.46	3.25%	£10.80	3.25%	£11.15
5	3.25%	£10.34	3.25%	£10.67	3.25%	£11.02	3.25%	£11.38

But this legal limit should be treated as a floor, not a target. If local government is to avoid becoming a ‘bargain basement, minimum wage’ employer, it must aspire to have bottom rates of pay that sit comfortably above this - rather than forever playing catchup with a legal duty. Sadly this has happened in the past and even led to the deletion of lower pay points just to avoid local government employers falling foul of minimum wage law.

#### 3.2 Across the pay spine

Pay in local government is still among the lowest in the public sector. According to the LGA’s own figures, the median FTE gross salary of local government employees was £23,951 in 2019/20 – this compared to

<sup>11</sup> The Living Wage Foundation, 2020/21 rates, November 2020

<sup>12</sup> Rishi Sunak, UK Government Budget, March 2020

median gross full-time annual earnings across the public sector as a whole of £32,743 in April 2020 (making average local government wages 27 per cent lower than those in the wider public sector)<sup>13</sup>. Recent benchmarking analysis of 24 roles<sup>14</sup> found that 15 of them were behind other public sector comparators for basic pay:

**Table 6: Benchmarking analysis of local government pay versus private sector**

Table 11 Job title	Local Gov rate £pa	Private median basic £pa	£ var	Var %
Library Assistant	£17,840.00	£21,378.00	-3,539	-16.6
Librarian	£25,463.00	£29,790.00	-4,327	-14.5
IT Project Manager	£29,646.00	£41,074.00	-11,428	-27.8
Social Worker	£34,406.00	£41,227.00	-6,821	-16.5
Principal Policy Officer	£35,123.00	£37,286.00	-2,163	-5.8
Engineer	£35,824.00	£38,310.00	-2,486	-6.5
Trading Standards Officer	£36,630.00	£49,005.00	-12,375	-25.3
Building Control Surveyor	£38,791.00	£50,000.00	-11,209	-22.4
Engineer	£43,269.00	£51,706.00	-8,438	-16.3
Solicitor	£45,240.00	£77,407.00	-32,167	-41.6
Senior Finance Manager	£50,358.00	£65,510.00	-15,152	-23.1

As discussed above, some of the workers who have contributed the most during the coronavirus outbreak have also experienced the sharpest real terms cuts in pay. Structural low pay is compounded for school support staff – who have kept schools open throughout the pandemic – by the abolition of the School Support Staff Negotiating Body (SSNB). The median earnings of teaching assistants was just £13,856 in 2020.<sup>15</sup> There is increasing evidence that many support staff workers are being asked to work outside of their job description without additional pay, and there has been a drift in national occupational level profiles for teaching assistants following the scrapping of the SSSNB. A review of job descriptions, routes for career developments and pay is urgently needed for this group of workers.

## 4. OTHER PRESSURES ON MEMBERS' PAY

### 4.1 Allowances

While allowances are not covered by the NJC agreement, there has been a quiet campaign of cutting back on these locally negotiated terms and conditions. Union members have reported attacks on overtime, standby payments, annual leave, sick pay and weekend working, while many have mentioned that their roles have been downgraded through restructuring.

This loss of allowances - compounded by low pay - has a real impact on part-time employees (who make up 50% of the local government workforce) and on women, who comprise three quarters of the workforce. It is even more acute for low paid households and single parent families.

Unions believe that some of this has been due to employers opportunistically clawing back cost savings in response to pay rises that workers have received. This undermines the entire ethos of a pay award.

### 4.2 Sickness, stress and absences

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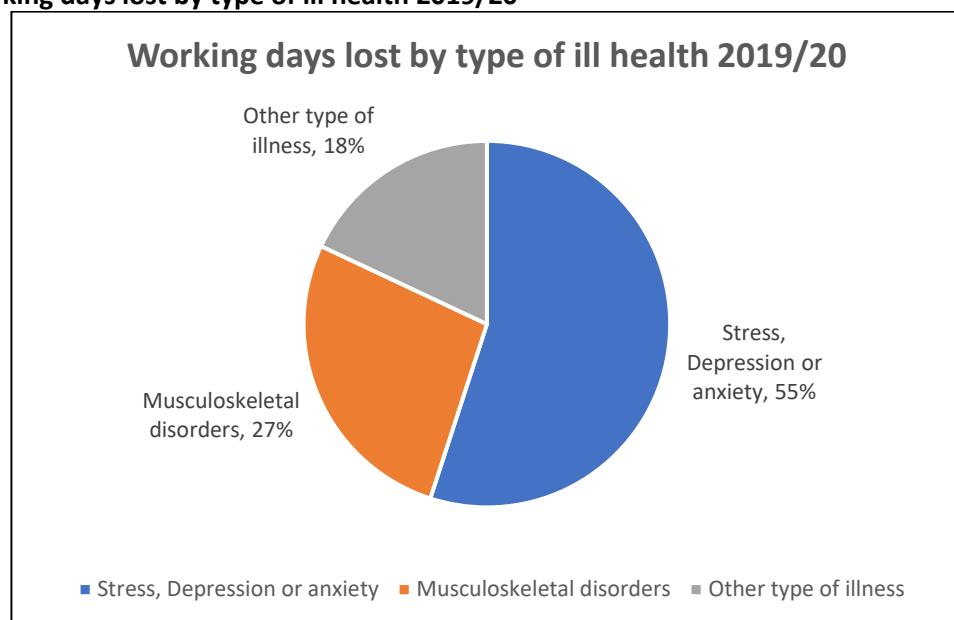
<sup>13</sup> LGA, Local government earnings and demography survey 2019/20: Summary report, 23 September 2020

<sup>14</sup> IDR NJC benchmarking, May 2019

<sup>15</sup> ONS, Annual Survey of Hours and Earnings 2020, Table 14.7a, published 03 November 2020

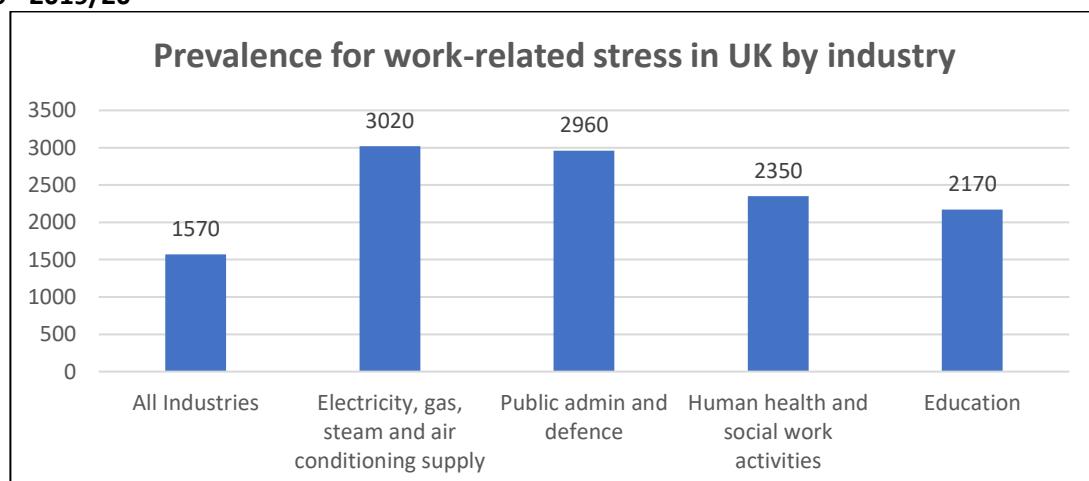
The UK is suffering from an epidemic of stress and anxiety. According to the HSE stress, depression or anxiety accounted for 51% of all work-related ill health cases and 55% of all working days lost due to work-related ill health in 2019/20<sup>16</sup>. 17.9 million working days were lost due to work-related stress, depression or anxiety in 2019/20 (up from 15.4 million in 2017/18). The predominant cause of work-related stress, depression or anxiety from the Labour Force Survey was workload, in particular tight deadlines, too much work or too much pressure or responsibility - the biggest single cause of sick leave by some distance.

**Graph 4: Working days lost by type of ill health 2019/20**



Analysis by the Health and Safety Executive (HSE) of Labour Force Survey statistics shows that this is an acute issue within local authority services with human health and social work, public administration and education all accounting for some of the highest levels of average rates of stress, depression or anxiety<sup>17</sup>.

**Graph 5 Prevalence for work-related stress in UK by industry category, per 1000 people in 12 months 2017/19 - 2019/20**



<sup>16</sup> HSE Annual Statistics Annual Statistics, November 2020

<sup>17</sup> HSE Health and safety at work, summary statistics, November 2020

Sickness absence levels can be seen as a proxy indicator for the wellbeing of staff and this has been recognised by the LGA in its 2019 Workforce Focus report<sup>18</sup>. That highlights that:

- On average in 2016/17, 4.3% of days were lost due to sickness and 8.7 days per FTE employee.
- By comparison in 2015/16, 4.9% of days were lost due to sickness and 8.8 days per FTE employee.
- The earliest available comparable figures are for 2011/12 when on average 4.2% of days were lost, 8.4 days per FTE employee.
- The most common cause of sickness absence in 2016/17 was ‘stress, depression, anxiety, mental health and fatigue’ (28.9% of days lost).

Across the whole economy, as a rough comparison the average number of days lost per FTE in 2018 across the whole economy was 4.1. This means that local authority sickness rates are over double those for the economy as a whole.

In contrast to local authority statistics, the Labour Force Survey<sup>19</sup> shows that economy-wide sickness absence has broadly been falling over the last two decades.

Underlying causes of absences are compounding the challenges of delivering services during the coronavirus pandemic. According to the LGA’s figures, half of all staff absences were attributed to COVID-19 in the week ending 11 December 2020<sup>20</sup>. 69% of respondents to GMB’s recent local government survey reported that they had had to take time off work due to COVID-19.

Joint work is ongoing on this crucial issue, but staff side unions are clear that a meaningful pay rise and improvements to work load and working time must play a central role in tackling this epidemic.

#### **4.3 A culture of long hours**

Recent TUC analysis<sup>21</sup> shows that public sector employees are responsible for more than a third of all unpaid overtime in the UK - despite making up only a quarter of the workforce.

The Labour Force Survey<sup>22</sup> shows that 28% of local government workers normally work some unpaid overtime - compared to 15% of all employees. If full-time local government workers who regularly work unpaid overtime were remunerated for their additional hours, they would be due an immediate pay rise of approximately 25%.

The true picture may be even worse - there are grounds for believing that unpaid overtime working may be underreported in the LFS (respondents to the NHS Staff Survey report higher unpaid overtime rates than the NHS subset of the LFS). 37% of respondents to GMB’s recent local government survey report regularly working unpaid overtime.

The ‘do more for less’ culture has dominated local government for the last decade. If the outcome of this is a stressed, overstretched, underpaid workforce, carrying out record unpaid overtime, then this experiment has been a failure and is unsustainable. Not only is this culture bad for staff it is also bad for productivity, with research showing that more time off actually improves staff productivity.

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<sup>18</sup> LGA, Workforce Focus, April 2019

<sup>19</sup> ONS, Sickness absence in the UK labour market, November 2019

<sup>20</sup> LGA, COVID-19 Workforce Survey - 11 December 2020

<sup>21</sup> TUC, UK workers and unpaid overtime, Feb 2020

<sup>22</sup> ONS, Labour Force Survey, Aug-Oct 2020

There is significant evidence of the benefits of reduced working time and these issues will be further explored in the joint conditions claim that accompanies this pay claim.

#### **4.4 Exit payments and McCloud**

On 12 February 2021, before Trade Union Side applications for Judicial Review were due to progress, the Treasury acknowledged that its exit cap policy 'may have had unintended consequences and the Regulations should be revoked.' The LGA had calculated that a long-serving female member of the LGPS who was made redundant above the age of 54 and who earned £23,500 could be capped, and Trade Union Side had long argued that the policy had a disproportionate negative impact on workers who share protected characteristics. The policy was a clear example of the continued undermining of our members' terms and conditions outside of the NJC collective bargaining process, and much work lies ahead to ensure that all workers who were 'capped' while the policy was in force receive full repayment.

In addition, we believe that the Government's continued 'pause' in the redistribution of excess monies generated by the cost cap mechanism in the Local Government Pension Scheme in the wake of the McCloud judgement undermines government assurances and collective bargaining principles, and represents a further blow to the real take home pay of our members in local government. We further believe that the 'pause' is further evidence that Ministers continue to play an active role in the setting of pay and terms and conditions in local government.

### **5. POST-COVID ECONOMIC RECOVERY**

#### **5.1 Post- 2010 austerity slowed economic recovery**

The recession caused by the global pandemic in 2020 will inevitably shape government fiscal policy over the coming years. The experience of how the world recovered from the 2008 final crash is likely to inform how both central and local government approach the economic recovery. But with over a decade of data now available, it can be said with virtual certainty that post-2010 austerity was a failure – in terms of both reducing debt and recovering economic growth. More austerity is the wrong answer and will be fiercely resisted by trade unions.

This is supported by research conducted by the New Economics Foundation<sup>23</sup> (using data published by the Office for Budget Responsibility), which found that government public sector austerity had reduced GDP growth every single year since 2010. Year-on-year, the effects of austerity suppressed GDP by almost £100 billion in 2018/19 alone. This means that post-2010 public sector austerity actually delayed the UK's economic recovery from the effects of the 2008 financial crisis - rather than speed up the recovery (which was the stated aim of austerity when initiated in 2010).

Expressed on a household level, a decade of austerity policy suppressed incomes and expenditure in the economy by just under £1,500 per person and more than £3,600 per household, in 1 year alone. The effects of this have not been evenly felt, with the heaviest burden falling on the poorest households.

In contrast to austerity, strengthening public spending during lean times is an investment - boosting spending in the economy both nationally and locally. Local government and the wider public sector are the best customers of the private sector - more investment in the public sector means more money to construction, manufacturing, IT and other sectors who sell their goods and services to the public sector.

#### **5.2 Economic benefits of increasing LG pay**

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<sup>23</sup> NEF analysis (using OBR data), Feb 2019

Research conducted by Landman Economics<sup>24</sup> finds that the cost of meeting our 2021/22 NJC pay claim is £1,771m in total. This includes £1,556m in salary costs, plus an additional cost of £215m in higher employer National Insurance Contributions (NICs).

Central government receives the £215m in higher employer NICs. Central government also benefits from additional receipts of employee NICs (£174m) and income tax (£310m) as well as reduced benefit, tax credit and Universal Credit expenditure (£44m). In total, central government saves £743m.

The net cost to the public sector as a whole (both local and central government) would be £1,028m. If indirect taxation is then factored in, central government recoups a further £154m. In total, just over half (51%) of the cost to local government of meeting the pay claim accrues to central government.

**Table 8: Cost of meeting the 2021/22 NJC pay**

	<b>Cost/Saving</b>
Gross cost to local government	£1,556m
+ Employer's National Insurance	£215m
<b>= Total cost to local government</b>	<b>£1,771m</b>
<b>Central government savings:</b>	
= Employer's National Insurance (as above)	£215m
+ Employee's National Insurance	£174m
+ Income Tax	£310m
+ Reduced benefit/tax credit/Universal Credit expenditure	£44m
<b>= Total central government savings</b>	<b>£743m</b>
<b>Net public sector cost:</b>	
<b>= £1,736m - £727m</b>	<b>£1,028m</b>
- Indirect taxes	£154m
<b>Net public sector cost after indirect taxes:</b>	
<b>= £1,010m - £151m</b>	<b>£874m</b>

### 5.3 Central government needs to properly fund local government

At the outset of Covid-19 crisis, the government said: “*This government stands with local councils at this difficult time,*” and that “*The government will do whatever is necessary to support these efforts.*” But since then, the promised support has not materialised.

Analysis of the funding deficit being faced by every top tier council in England, Wales and Scotland (as a percentage of their budget) found that following years of cuts and emergency spending on fighting Covid-19, the average spending gap is 2.78%

**Table 9: Size of funding gap at top tier councils, following spending on Covid-19**

Overall	Unitary	County	Metrop.	London Borough	Scotland	Wales
2.78%	2.40%	0.74%	3.07%	4.17%	2.69%	0.90%

This follows a decade of funding cuts to Local Authority budgets. A recent IFS report<sup>25</sup> found that there was a 17% reduction in net spending on services between 2009–10 and 2019–20. Central government grants – including retained business rates – were cut 38% in real-terms between 2009/10 and 2018/19, from £34.6bn to £24.8bn in cash terms – leaving councils forced to rely on council tax increases instead.

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<sup>24</sup> The impact of meeting the 2021/22 NJC pay claim, Landman Economics, January 2021

<sup>25</sup> IFS, COVID-19 and English council funding, September 2020

Such figures show that central government must provide more of the promised funding to plug the gap left by Covid-19 and give local authority staff the pay rise they deserve. The joint unions will continue to lobby the government for this funding and hold them to their promise to “*do whatever is necessary*” to support local authorities.

## 6. RECRUITMENT AND RETENTION PRESSURES BUILDING

With the unemployment rate rising to 4.8% and the number of unemployed to every vacancy doubling over the last year (primarily as a result of the pandemic), the recruitment and retention pressures on the wider economy are likely to have lifted. The predicted increase in the unemployment rate to 7.2% over 2021 is set to reduce those pressures further.

However, the latest data from the LGA<sup>26</sup> found that more than a third of Councils were still experiencing significant difficulties recruiting for some occupations and roles.

This points to an ongoing problem where years of below average pay awards, and erosion of conditions have made jobs in local government uncompetitive and unattractive to the wider job-seeking public.

Covid-19 has shown that local authorities play a key role in fighting pandemics. If recruitment and retention issues are not rectified, it will weaken the UK’s ability to fight future virus outbreaks and pandemics.

Brexit is also having an impact on the labour market. Around half of councils have noticed a reduction in the number of EU/EEA nationals applying for posts or leaving the organisation. As employers across the economy are reporting a similar impact the labour market is likely to tighten and local government employers need to meet our claim to ensure that they remain competitive.

## 7. MORALE UNDER THREAT

Working against a background of tight budgets and the unprecedented demands of the Covid-19 pandemic, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long-term threat to local government’s ability to provide a consistent quality of service.

A recent UNISON survey of members working in councils<sup>27</sup> found frustration from staff that they are not able to deliver the best service possible to the public – hindered by cuts, redundancies and impossible workloads. 83% said budget cuts have had an impact on their ability to do the best they can and 54% said their workload is unmanageable. This has left 60% no longer feeling secure in their job and around 45% thinking about leaving for somewhere less stressful or better paid.

According to a GMB survey conducted between September and October 2020 60% of local government workers and 68% of school support staff said their work during the COVID-19 outbreak has had a serious negative impact on their mental health. Only 28% of local government respondents and 20% of schools’ respondents said that their employer performed specific mental health risk assessments. On a standardised 0 to 10 scale, local government respondents reported an average anxiety score of 5.4 and schools’ respondents reported a score of 5.8. These scores were 28 per cent and 38 per cent higher respectively than

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<sup>26</sup> LGA, COVID-19 Workforce Survey, Dec 2020

<sup>27</sup> UNISON, Member survey on day-to-day impact of austerity, Dec 2019

the average score of 4.2 for all employees across the whole economy, as reported by the ONS. 69% of respondents also reported that they had had to take time off work due to COVID-19.

Unite's December 2020 survey highlights similar trends. 81 per cent of Unite members reporting experiencing work-related stress in the last 12 months, with 49 per cent of members rated morale in their workplaces as either "bad" or "terrible". 46 per cent of members reported "frequently" or "always" working more than their contractual hours. 53 per cent had "frequently" experienced staff shortages in their workplace. 66 per cent of members were either "dissatisfied" or "very dissatisfied" with their level of pay. 86 per cent felt "poorly valued" or "unvalued" by the government and 72 per cent felt "poorly valued" or "unvalued" by the LGA employers.

## 8. EQUALITY IMPACT

Cuts to real pay rates, terms and conditions, and employment level by NJC employers have a disproportionate impact on workers who share protected characteristics as defined by the Equality Act. As Trade Union Side analysis of ONS Labour Force Survey (LFS) data shows, local government workers are older on average compared to all employees. They are more likely to be disabled, religious, married or in a civil partnership, and they are much more likely to be female. Local government workers are less likely to be BAME or non-UK nationals, although the LGA's own figures reveal significant regional variation beneath the overall average<sup>28</sup>.

It should be noted that, of the protected characteristics that are relevant to the Public Sector Equality Duty, gender reassignment, pregnancy, and sexual orientation cannot be measured by the LFS. The meaning of race and belief, as defined under the Equality Act, are also wider than the measures captured in the table below.

**Table 10: Labour Force Survey – workforce characteristics<sup>29</sup>**

	Local Government	All employees
Mean average age	43.8	40.9
Mean average number of dependent children in household	1.3	0.7
% female	70.0	49.7
% BAME	9.7	11.8
% nationality is UK	94.5	89.4
% EA10 disabled	16.6	14.0
% identifying as religious	54.7	50.4
% married or in a civil partnership	57.7	50.1

The disparity between the proportion of the workforce that is identified as disabled in employers' reporting (5 per cent) and the self-reported rate by local government workers captured by the Labour Force Survey (16.6 per cent) is a cause of serious concern. It suggests that there may be systematic issues of unrecording and underreporting by employers, and a lack of faith in disclosure mechanisms by workers. Further work should be done to establish the causes of this disparity.

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<sup>28</sup> LGA, Local government earnings and demography survey 2019/20, September 2020

<sup>29</sup> Trade Union Side analysis of ONS Labour Force Survey, September 2020

The Women's Budget Group has warned that central pay policies announced in November 2020 'will impact on women and many minority groups worst,' and that 'the Treasury has failed to fulfil the EHRC's guidance on meaningful equality impact assessments.' Research for the EHRC has found that during past recessions, unemployment rates rose faster for black and minority ethnic workers and recovered slower after the recessions were over<sup>30</sup>.

Under the Equality Act, Local Government employers have a legal obligation to 'remove or minimise disadvantages' faced by workers who share protected characteristics. Raising real pay rates would clearly be in line with this principle – and new cuts to local government workers' standard of living would further entrench disadvantage.

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<sup>30</sup> Hogarth et al., The equality impacts of the current recession, Institute for Employment Research / EHRC, 2009

## **9. CONCLUSION**

After a long and difficult year, faced with an unprecedented global crisis, local government workers have risen to the challenge. They have kept the communities they serve safe and secure while continuing to provide key services. Against the odds, they have kept our country going during the greatest struggle this nation has faced in peace time.

But they have done so after a decade of pay cuts, pay freezes, below average pay awards and wages that year-on-year provide them with less and less, when measured against the real world cost of living. Household bills, rents/mortgages, childcare and commuting costs continue to grow at an alarming rate while local government wages stagnate and shrink in real terms.

As the UK begins its process of economic recovery from Covid-19, it cannot be under the failed guise of more public sector austerity. Staff morale is already at an all-time low – they cannot be asked to deliver more for less, again and again.

Paying local government staff a proper wage is an investment in both local services and the local economy. It will help to lift the county out of the shadow of Covid-19 and the damage it has done to our economy. A proper pay rise will put more spending power into the pockets of local government workers – boosting spending in the local economy and reducing the cost of welfare and benefits on the state (which has skyrocketed during Covid-19).

But this claim cannot be funded by local attacks on locally determined conditions. The Trade Union side recognises that new money from central government would be a significant help to fund this claim, and we will campaign strongly for this funding. We hope that local government employers will also lobby the government for more funding - and join us in holding the government to their promise from March 2020 to “do whatever is necessary” to support local authorities at this difficult time. If as last time the LGA will not join with us, then we expect this will be because they can fully fund a pay offer.

The Trade Union Side believes our claim is just and fair. Council and school workers urgently deserve a decent and fair pay rise. We look forward to entering into meaningful negotiations with the LGA on our claim - honouring the spirit of collective bargaining that is fundamental to the NJC and its success.

**APPENDIX 1: NJC SPINAL COLUMN POINTS - REAL TERMS CONVERSION**

Old SCP	2009/10	2020/21	New SCP	Old SCP if inflated by RPI to April 2021	Real-terms change (£)	Real-terms change (%)
<b>4</b>	£12,145			£17,037	£805	4.5
<b>5</b>	£12,312			£17,272	£570	3.2
<b>6</b>	£12,489	£17,842	<b>1</b>	£17,520	£322	1.8
<b>7</b>	£12,787	£17,842		£17,938	-£96	-0.5
<b>8</b>	£13,189	£18,198	<b>2</b>	£18,502	-£304	-1.7
<b>9</b>	£13,589	£18,198		£19,063	-£865	-4.8
<b>10</b>	£13,874	£18,562	<b>3</b>	£19,463	-£901	-4.9
<b>11</b>	£14,733	£18,562		£20,668	-£2,106	-11.3
<b>12</b>	£15,039	£18,933	<b>4</b>	£21,097	-£2,164	-11.4
<b>13</b>	£15,444	£18,933		£21,665	-£2,732	-14.4
<b>14</b>	£15,725	£19,312	<b>5</b>	£22,059	-£2,747	-14.2
<b>15</b>	£16,054	£19,312		£22,521	-£3,209	-16.6
<b>16</b>	£16,440	£19,698	<b>6</b>	£23,062	-£3,364	-17.1
<b>17</b>	£16,830	£19,698		£23,609	-£3,911	-19.9
<b>18</b>	£17,161	£20,092	<b>7</b>	£24,074	-£3,982	-19.8
<b>19</b>	£17,802	£20,493	<b>8</b>	£24,973	-£4,480	-21.9
<b>20</b>	£18,453	£20,903	<b>9</b>	£25,886	-£4,983	-23.8
		£21,322	<b>10</b>			
<b>21</b>	£19,126	£21,748	<b>11</b>	£26,830	-£5,082	-23.4
<b>22</b>	£19,621	£22,183	<b>12</b>	£27,525	-£5,342	-24.1
		£22,627	<b>13</b>			
<b>23</b>	£20,198	£23,080	<b>14</b>	£28,334	-£5,254	-22.8
<b>24</b>	£20,858	£23,541	<b>15</b>	£29,260	-£5,719	-24.3
		£24,012	<b>16</b>			
<b>25</b>	£21,519	£24,491	<b>17</b>	£30,187	-£5,696	-23.3
		£24,982	<b>18</b>			
<b>26</b>	£22,221	£25,481	<b>19</b>	£31,172	-£5,691	-22.3
<b>27</b>	£22,958	£25,991	<b>20</b>	£32,206	-£6,215	-23.9
		£26,511	<b>21</b>			
<b>28</b>	£23,708	£27,041	<b>22</b>	£33,258	-£6,217	-23.0
<b>29</b>	£24,646	£27,741	<b>23</b>	£34,574	-£6,833	-24.6
<b>30</b>	£25,472	£28,672	<b>24</b>	£35,733	-£7,061	-24.6
<b>31</b>	£26,276	£29,577	<b>25</b>	£36,860	-£7,283	-24.6
<b>32</b>	£27,052	£30,451	<b>26</b>	£37,949	-£7,498	-24.6
<b>33</b>	£27,849	£31,346	<b>27</b>	£39,067	-£7,721	-24.6
<b>34</b>	£28,636	£32,234	<b>28</b>	£40,171	-£7,937	-24.6
<b>35</b>	£29,236	£32,910	<b>29</b>	£41,013	-£8,103	-24.6
<b>36</b>	£30,011	£33,782	<b>30</b>	£42,100	-£8,318	-24.6
<b>37</b>	£30,851	£34,728	<b>31</b>	£43,278	-£8,550	-24.6

<b>38</b>	£31,754	£35,745	<b>32</b>	£44,545	<b>-£8,800</b>	<b>-24.6</b>
<b>39</b>	£32,800	£36,922	<b>33</b>	£46,012	<b>-£9,090</b>	<b>-24.6</b>
<b>40</b>	£33,661	£37,890	<b>34</b>	£47,220	<b>-£9,330</b>	<b>-24.6</b>
<b>41</b>	£34,549	£38,890	<b>35</b>	£48,466	<b>-£9,576</b>	<b>-24.6</b>
<b>42</b>	£35,430	£39,880	<b>36</b>	£49,702	<b>-£9,822</b>	<b>-24.6</b>
<b>43</b>	£36,313	£40,876	<b>37</b>	£50,941	<b>-£10,065</b>	<b>-24.6</b>
<b>44</b>	£37,206	£41,881	<b>38</b>	£52,193	<b>-£10,312</b>	<b>-24.6</b>
<b>45</b>	£38,042	£42,821	<b>39</b>	£53,366	<b>-£10,545</b>	<b>-24.6</b>
<b>46</b>	£38,961	£43,857	<b>40</b>	£54,655	<b>-£10,798</b>	<b>-24.6</b>
<b>47</b>	£39,855	£44,863	<b>41</b>	£55,909	<b>-£11,046</b>	<b>-24.6</b>
<b>48</b>	£40,741	£45,859	<b>42</b>	£57,152	<b>-£11,293</b>	<b>-24.6</b>

Calculations based on an estimated 40.3 per cent change in the RPI rate between April 2009 and April 2021. The all-items RPI value was uprated by 1.4 per cent to estimate inflation to April 2021, in line with the estimated rate published by the OBR in its Economic and Fiscal Outlook, 25 November 2020. Figures are rounded.